

Message Text

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ACTION EUR-12

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INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06
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FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC PRIORITY 7293
INFO AMCONSUL MONTREAL

UNCLAS OTTAWA 02276

DEPT. PASS TREASURY FOR SYVRUD

E.O. 11652:N/A
TAGS: EFIN, CA
SUBJECT: CANADIAN RESERVES IN APRIL

REF: OTTAWA 1708

1. CANADIAN OFFICIAL INTERNATIONAL RESERVES ROSE BY U.S. DOLS 613 MILLION IN APRIL, BUT THIS AMOUNT INCLUDED PROCEEDS FROM THE U.S.DOLS 750 MILLION BOND ISSUE IN NEW YORK AND ANOTHER DRAWDOWN ON CANADA'S SHORT TERM CREDIT FACILITY WITH CANADIAN BANKS OF U.S.DOLS 600 MILLION. CONSIDERING THE U.S.DOLS 750 MILLION DRAWDOWN ON THE SHORT TERM CREDITS IN MARCH, NONE OF WHICH HAVE BEEN AS YET REPAID, CANADIAN RESERVES OF U.S.DOLS 4,583 MILLION AT THE END OF APRIL WERE THUS U.S.DOLS 2.1 BILLION HIGHER THAN THEY WOULD HAVE BEEN WITHOUT OFFICIAL GOC U.S.DOLLAR BORROWING.

2. HAD THE FEDERAL GOVERNMENT NOT BORROWED A TOTAL OF U.S.DOLS 1.35 BILLION LAST MONTH, RESERVES IN APRIL WOULD HAVE DROPPED BY 737 MILLION INSTEAD OF RISING BY 613 MILLION.

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3. THE CHANGE IN RESERVES IN APRIL INCLUDED A DECREASE OF U.S.DOLS 17.7 MILLION IN SDR DENOMINATED ASSETS, REFLECTING DEPRECIATION OF THE U.S. DOLLAR VALUE OF THE SDR.

4. THERE WAS A REDUCTION OF U.S.\$7.2 MILLION IN RESERVES OF CURRENCIES OTHER THAN U.S. DOLLARS, AND A U.S.DOLS 206.2

MILLION REDUCTION IN CANADA'S IMF RESERVE POSITION.

5. REDUCTION IN CANADA'S IMF RESERVE POSITION OF JUST OVER U.S.DOLS 200 MILLION WAS REPORTEDLY THE RESULT OF OTHER COUNTRIES REPAYING CANADIAN DOLLAR DENOMINATED LOANS TO THE IMF DURING APRIL. OTHER COUNTRIES FIRST BOUGHT CANADIAN DOLLARS WITH U.S. DOLLARS FROM THE BANK OF CANADA, THUS INCREASING CANADA'S U.S. DOLLAR HOLDINGS BY THE SAME AMOUNT, LEAVING LITTLE IF ANY NET IMPACT ON TOTAL RESERVES.

6. THE TABLE BELOW SHOWS CANADIAN RESERVE FIGURES AT THE END OF MARCH AND APRIL, AND THE NET CHANGE, IN MILLIONS OF U.S. DOLLARS. BRACKETS () INDICATE DECREASE:

-----	MARCH	APRIL	CHANGE
U.S. DOLLARS	1,671.1	2,523.1	852.0
OTHER FOREIGN CURRENCIES	17.5	10.3	(7.2)
GOLD	952.6	944.4	(8.2)
SDRS	504.9	487.1	(17.8)
IMF RESERVE POSITION	824.0	617.8	(206.2)

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TOTAL 3,970.1 4,582.8 612.7
ENDERS

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Message Attributes

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